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FEDERAL COMMUNICATIONS COMMISSION  
Washington, D. C. 20554

JAN 08 2003

OFFICE OF  
MANAGING DIRECTOR

Micheal L. Parker, President  
DESERT 31 TELEVISION, INC.  
22720 S.E. 410<sup>th</sup> Street  
Enumclaw, Washington 98022

Re: Request for Waiver of FY 2001 Reg. Fee  
Fee Control No. 0109278835764003

Dear Mr. Parker:

This is in response to your letter dated February 7, 2002, in which you supplement your earlier request for waiver of FY 2001 regulatory fees with copies of Desert 31's federal income tax returns for 1999 and 2000 and a sworn statement that you are the sole officer of the corporation, and that you have not been compensated at any time since the station has been licensed.

In establishing its regulatory fee program, the Commission recognized that in certain instances payment of a regulatory fee may impose an undue financial hardship upon a licensee. Thus, the Commission decided to grant waivers or reductions of its regulatory fees in those instances where a "petitioner presents a compelling case of financial hardship." Implementation of Section 9 of the Communications Act, 9 FCC Rcd 5333, 5346 (1994), reconsideration granted, 10 FCC Rcd 12759 (1995).

In determining whether a licensee has sufficient revenues to pay its regulatory fees, the Commission relies upon a licensee's cash flow, as opposed to the entity's profits. Thus, although deductions for amortization and depreciation, which do not affect cash flow, and payments to principals, reduce gross income for tax purposes, those deductions also represent money which is considered to be available to pay the regulatory fee.

The documents you provide establish that Desert 31 Television had financial losses in both 1999 and 2000. No salaries were paid to officers. During 1999 and 2000, the station had no income, and the funding of the stations operations came from the sole stockholder.

You have not, however, submitted documentation demonstrating that Desert 31 Television suffered financial hardship in 2001. While Desert 31 Television's history of financial hardship suggests that your claim of continuing hardship for 2001 may be valid, we nonetheless require documentation to this effect. As we stated in a previous letter to you, the Commission has held that regulates can establish financial need by submitting:

Micheal L. Parker, President

2.


[I]nformation such as a balance sheet and profit and loss statement (audited, if available), a cash flow projection . . . (with an explanation of how calculated), a list of their officers and their individual compensation, together with a list of their highest paid employees, other than officers, and the amount of their compensation, or similar information.

Implementation of Section 9 of the Communications Act, 10 FCC Rcd at 12761-62.

In the absence of appropriate documentation, you have failed to establish a compelling case of financial hardship for FY 2001. Therefore, your request for waiver of Desert 31's FY 2001 regulatory fee is dismissed. In view of your allegations of financial hardship, however, Desert 31 Television's request may be refiled together with appropriate supporting documentation within 30 days from the date of this letter.

If you have any questions concerning this matter, please contact the Revenue & Receivables Operations Group at (202) 418-1995.

Sincerely,

  
for Mark A. Reger  
Chief Financial Officer

0109278835764003

**DESERT 31 TELEVISION, INC.**

22720 S.E. 410<sup>th</sup> Street  
Enumclaw, Washington 98022

Phone: 360-825-1099  
Fax: 360-825-4517

February 7, 2002

Mark Reger  
Chief Financial Officer  
Federal Communications Commission  
Washington, D.C. 20554

Re: *Commercial Television Station KVMD  
Twentynine Palms, California  
Supplement to Request for Waiver  
of Regulatory Fees -- Year 2001*

Dear Mr. Reger:

On November 2, 2001, Desert 31 Television, Inc. ("Desert 31"), licensee of commercial television station KVMD, Twentynine Palms, California, requested of Andrew Fishel, Managing Director, that the Commission waive the requirement that Desert 31 pay \$15,150 in fees for Fiscal Year 2001. By your letter dated January 7, 2002, and received January 12, 2002, you denied the request without prejudice, and invited KVMD to submit documentation supporting its request.

Specifically, you noted that KVMD had not submitted any documentation showing "profit and loss... a cash flow projection... a list of [the] officers and their individual compensations, together with a list of their highest paid employees other than officers, and the amounts of their compensation, or similar information."

The attached copies of Desert 31's IRS Form 1120 federal income tax returns for 1999 (Exhibit 1) and 2000 (Exhibit 2) clearly provide the information you seek. In 1999, Desert 31 had no income whatsoever, but did have expenses of \$50,076. Not a dime was paid to officers, the only one of which is the undersigned. The third page of this return sets out the balance sheet required of corporate tax filers. It shows a diminution of assets, and a dramatic increase in negative retained earnings, from (\$76,300) to (\$180,920), and amount of stock held. This of course means that during 1999, all of the funding of station operations came from the sole stockholder.

As the IRS Form 1120 federal income tax return for 2000 shows (Exhibit 2), matters were no better in 2000. That year, Desert 31 again had no income but had expenses of \$146,119. Again, no salaries were paid to officers. The investment of stockholders doubled again, with retained earnings of (\$373,485). The salaries were paid to three employees, a full-time general manager

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named Lawrence Petersen (\$50,000) and the balance to a secretary and part-time engineer. None of these shareholders owns any interest in Desert 31.


Thus, as sole stockholder, I have funded Desert 31 out of my own pocket in the amount of from nearly \$400,000 since the station was licensed.

**Conclusion:** The attachments starkly demonstrate that KVMD is being operated entirely on a sustaining basis. Under the circumstances, the Commission's assessment of a \$15,150 regulatory fee for the Year 2001 is a burden which will break the station financially.

This request was prepared under the direction of the undersigned, president of Desert 31 Television, Inc., and is true to the best of my personal knowledge. I have signed this letter under penalty of perjury under the laws of the United States.

Respectfully submitted,

DESERT 31 TELEVISION, INC.



Micheal L. Parker  
President

Attachments (2)

***DESERT 31 TELEVISION, INC.***  
***Supplement to Request to Waive***  
***FCC Regulatory Fee***

**Exhibit 1**



**1999 FEDERAL TAX RETURN**

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Form <b>1120</b>		U.S. Corporation Income Tax Return		OMB No. 1545-0123	
Department of the Treasury Internal Revenue Service		For calendar year 1999 or tax year		<b>1999</b>	
Beginning _____		Ending _____			
<b>A Check if a:</b> <input type="checkbox"/> 1 Consolidated return (attach Form 990) <input type="checkbox"/> 2 Personal holding co. (attach Form 990) <input type="checkbox"/> 3 Personal service corp. (as defined in Temp. Regs. sec. 1.441-4)		<b>Use IRS label.</b> <input type="checkbox"/> Other- <input type="checkbox"/> wise, <input type="checkbox"/> print <input type="checkbox"/> or type.		<b>Name</b> <b>DESERT 31 TELEVISION, INC.</b> <b>Number, street, and room or suite no. (If a P.O. box, see page 5 of instructions.)</b> <b>22721 SE 410TH</b> <b>City or town, state, and ZIP code</b> <b>ENUMCLAW, WA 98022</b>	
		<b>B Employer identification number</b> <b>31-1515711</b>		<b>C Date incorporated</b> <b>05/04/1988</b>	
				<b>D Total assets (see page 6 of instructions)</b> <b>\$ 19,131.</b>	
<b>E Check applicable boxes:</b> (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input type="checkbox"/> Change of address					
<b>1 Gross receipts or sales</b> <b>2 Less returns and allowances</b> <b>3 Net</b> <b>4</b>					
<b>5 Cost of goods sold (Schedule A, line 5)</b> <b>6</b>					
<b>7 Gross profit. Subtract line 5 from line 4</b> <b>8</b>					
<b>9 Dividends (Schedule C, line 19)</b> <b>10</b>					
<b>11 Interest</b> <b>12</b>					
<b>13 Gross rents</b> <b>14</b>					
<b>15 Gross royalties</b> <b>16</b>					
<b>17 Capital gain net income (attach Schedule D (Form 1120))</b> <b>18</b>					
<b>19 Net gain or (loss) from Form 4797, Part II, line 18 (attach Form 4797)</b> <b>20</b>					
<b>21 Other income (attach schedule)</b> <b>22</b>					
<b>23 Total income. Add lines 7 through 22</b> <b>24</b>					
<b>25 Compensation of officers (Schedule E, line 4)</b> <b>26</b>					
<b>27 Salaries and wages (less employment credits)</b> <b>28</b>					
<b>29 Repairs and maintenance</b> <b>30</b>					
<b>31 Bad debts</b> <b>32</b>					
<b>33 Rents</b> <b>34</b>					
<b>35 Taxes and licenses</b> <b>36</b>					
<b>37 Interest</b> <b>38</b>					
<b>39 Charitable contributions</b> <b>40</b>					
<b>41 Depreciation (attach Form 4562)</b> <b>42</b>					
<b>43 Less depreciation claimed on Schedule A and elsewhere on return</b> <b>44</b>					
<b>45 Depletion</b> <b>46</b>					
<b>47 Advertising</b> <b>48</b>					
<b>49 Pension, profit-sharing, etc., plans</b> <b>50</b>					
<b>51 Employee benefit programs</b> <b>52</b>					
<b>53 Other deductions (attach schedule)</b> <b>54</b>					
<b>55 Total deductions. Add lines 41 through 54</b> <b>56</b>					
<b>57 Taxable income before net operating loss deduction and special deductions. Subtract line 55 from line 23</b> <b>58</b>					
<b>59 Less: a Net operating loss (NOL) deduction (attach Schedule C, line 20)</b> <b>60</b>					
<b>61 Special deductions (Schedule C, line 20)</b> <b>62</b>					
<b>63 Taxable income. Subtract line 62 from line 58</b> <b>64</b>					
<b>65 Total tax (Schedule J, line 12)</b> <b>66</b>					
<b>67 Payments: a 1999 overpayment credited to 1999</b> <b>68</b>					
<b>69 1999 estimated tax payments</b> <b>70</b>					
<b>71 Less 1999 refund applied for on Form 4468</b> <b>72</b>					
<b>73 Tax deposited with Form 7004</b> <b>74</b>					
<b>75 Credit for tax paid on undistributed capital gains (attach Form 2439)</b> <b>76</b>					
<b>77 Credit for Federal tax on fuels (attach Form 4136)</b> <b>78</b>					
<b>79 Estimated tax penalty. Check if Form 2220 is attached</b> <b>80</b>					
<b>81 Tax due. If line 78 is smaller than the total of lines 65 and 79, enter amount owed</b> <b>82</b>					
<b>83 Overpayment. If line 78 is larger than the total of lines 65 and 79, enter amount overpaid</b> <b>84</b>					
<b>85 Enter amount of line 85 you want credited to 2000 estimated tax</b> <b>86</b>					
<b>87 Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.</b>					
<b>Sign Here</b>					
<b>Signature of officer</b> <b>Date</b> <b>Title</b>					
<b>Paid Preparer's Use Only</b>					
<b>Preparer's signature</b> <b>Date</b> <b>Check if self-employed</b> <b>Preparer's EIN or PIN</b>					
<b>Firm's name (for years if self-employed) and address</b> <b>91</b>					
<b>PATRICK RHODES &amp; ASSOCIATES, P.L.L.C.</b> <b>92</b>					
<b>31620 23RD AVE. S. #218</b> <b>93</b>					
<b>FEDERAL WAY, WA</b> <b>94</b>					

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Form 1120 (1999)

DESERT 31 TELEVISION, INC.

31-1515711 Page 2

**Schedule A Cost of Goods Sold** (See instructions)

1	Inventory at beginning of year	1
2	Purchases	2
3	Cost of labor	3
4	Additional section 263A costs (attach schedule)	4
5	Other costs (attach schedule)	5
6	Total. Add lines 1 through 5	6
7	Inventory at end of year	7
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on line 2, page 1	8

**9a** Check all methods used for valuing closing inventory.

- (i) ☐ Cost as described in Regulations section 1.471-3  
 (ii) ☐ Lower of cost or market as described in Regulations section 1.471-4  
 (iii) ☐ Other (Specify method used and attach explanation.)

**b** Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c)**c** Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)**d** If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO**e** If property is produced or acquired for resale, do the rules of section 263A apply to the corporation?**f** Was there any change in determining quantities, cost, or valuations between opening and closing inventory?

If "Yes," attach explanation

**Schedule C Dividends and Special Deductions**

	(a) Dividends received	(b) %	(c) Special deductions (a) x (b)
1 Dividends from less-than-20%-owned domestic corporations that are subject to the 70% deduction (other than debt-financed stock)		70	
2 Dividends from 20%-or-more-owned domestic corporations that are subject to the 80% deduction (other than debt-financed stock)		80	
3 Dividends on debt-financed stock of domestic and foreign corporations (section 245A)		42	
4 Dividends on certain preferred stock of less-than-20%-owned public utilities		48	
5 Dividends on certain preferred stock of 20%-or-more-owned public utilities			
6 Dividends from less-than-20%-owned foreign corporations and certain FSCs that are subject to the 70% deduction		70	
7 Dividends from 20%-or-more-owned foreign corporations and certain FSCs that are subject to the 80% deduction		80	
8 Dividends from wholly owned foreign subsidiaries subject to the 100% deduction (section 245(b))		100	
9 Total. Add lines 1 through 8			
10 Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958		100	
11 Dividends from certain FSCs that are subject to the 100% deduction (section 245(c)(1))		100	
12 Dividends from affiliated group members subject to the 100% deduction (sec. 243(a)(2))		100	
13 Other dividends from foreign corporations not included on lines 6, 7, 8, or 11			
14 Income from controlled foreign corporations under subpart F (attach Form(s) 9471)			
15 Foreign dividend gross-up (section 78)			
16 IC-DISC and former DISC dividends not included on lines 1, 2, or 3 (section 245(d))			
17 Other dividends			
18 Deduction for dividends paid on certain preferred stock of public utilities			
19 Total dividends. Add lines 1 through 17. Enter here and on line 4, page 1			

**20** Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on line 29b, page 1**Schedule E Compensation of Officers**(See instructions for line 12, page 1.)  
Note: Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1, Form 1120) are \$500,000 or more.

(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned		(f) Amount of compensation
			(d) Common	(e) Preferred	
1					
2 Total compensation of officers					
3 Compensation of officers claimed on Schedule A and elsewhere on return					
4 Subtract line 3 from line 2. Enter the result here and on line 12, page 1					

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Form 1120 (1999)

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Form 1120 (1999) DESERT 31 TELEVISION, INC.

31-1515711 Page 9

**Schedule J Tax Computation (See page 15 of instructions.)**

1 Check if the corporation is a member of a controlled group (see sections 1561 and 1563) ☐ Important: Members of a controlled group, see instructions on page 15

2a If line 1 is checked, enter the corporation's share of the \$20,000, \$25,000, and \$5,025,000 taxable income brackets (in that order):

(1) \$ (2) \$ (3) \$

b Enter the corporation's share of:

(1) Additional 5% tax (not more than \$11,750) \$

(2) Additional 3% tax (not more than \$100,000) \$

3 Income tax. Check if a qualified personal service corporation under section 446(d)(2) ☐ (see page 15) 3 0.

4a Foreign tax credit (attach Form 1118) 4a

b Possessions tax credit (attach Form 5735) 4b

c Check: ☐ Nonconventional source fuel credit ☐ QEV credit (attach Form 8834) 4c

d General business credit. Enter here and check which forms are attached: 3800 3481 3484 3478 3789 3598 3830 3826 3835 3844 3845 3846 3847 3851 4d

e Credit for prior year minimum tax (attach Form 8827) 4e

5 Total credits. Add lines 4a through 4e 5 0.

6 Subtract line 5 from line 3 6

7 Personal holding company tax (attach Schedule PH (Form 1120)) 7

8 Recapture taxes. Check if from ☐ Form 4255 ☐ Form 8611 8

9 Alternative minimum tax (attach Form 4626) 9 0.

10 Add lines 6 through 9 10 0.

11 Qualified zone academy bond credit (attach Form 8880) 11

12 Total tax. Subtract line 11 from line 10. Enter here and on line 31, page 1 12 0.

**Schedule K Other Information (See page 17 of instructions.)**

1 Check method of accounting: a ☐ Cash b ☒ Accrual c ☐ Other (specify) \_\_\_\_\_

2 See page 19 of the instructions and enter the:

a Business activity code no. 513100

b Business activity RADIO STATION

c Product or service BROADCASTING

3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) Yes No X

If "Yes," attach a schedule showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.

4 Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? Yes No X

If "Yes," enter name and EIN of the parent corporation \_\_\_\_\_

5 At the end of the tax year, did any individual, partnership, corporation, estate or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).) Yes No X

If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter percentage owned 100.00

6 During the tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) Yes No X

If "Yes," file Form 5452. If this is a consolidated return, answer here for the parent corporation and on Form 951, Affiliations Schedule, for each subsidiary.

7 Was the corporation a U.S. shareholder of any controlled foreign corporation? (See sections 951 and 957.) Yes No X

If "Yes," attach Form 5471 for each such corporation. Enter number of Forms 5471 attached \_\_\_\_\_

8 At any time during the 1999 calendar year, did the corporation have an interest in or a signature or other authority over a financial account (such as a bank account, securities account, or other financial account) in a foreign country? Yes No X

If "Yes," the corporation may have to file Form TD F 90-22.1. If "Yes," enter name of foreign country \_\_\_\_\_

9 During the tax year, did the corporation receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? Yes No X

If "Yes," the corporation may have to file Form 2520 \_\_\_\_\_

10 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of: (a) the total voting power of all classes of stock of the corporation entitled to vote, or (b) the total value of all classes of stock of the corporation? If "Yes,"

a Enter percentage owned \_\_\_\_\_

b Enter owner's country \_\_\_\_\_

c The corporation may have to file Form 5472. Enter number of Forms 5472 attached \_\_\_\_\_

11 Check this box if the corporation issued publicly offered debt instruments with original issue discount ☐ If checked, the corporation may have to file Form 8281.

12 Enter the amount of tax-exempt interest received or accrued during the tax year \$

13 If there were 75 or fewer shareholders at the end of the tax year, enter the number 1

14 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here ☐

15 Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) \$ 76,300.

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Form 1120 (1999)



## Form 1120 (1999) DESERT 31 TELEVISION, INC.

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
<b>Assets</b>					
1 Cash			232.		1,326.
2a Trade notes and accounts receivable					
b Less allowance for bad debts					
3 Inventories					
4 U.S. government obligations					
5 Tax-exempt securities					
6 Other current assets					
7 Loans to shareholders					
8 Mortgage and real estate loans					
9 Other investments				36,325.	
10a Buildings and other depreciable assets		35,168.	28,134.	18,520.	17,805.
b Less accumulated depreciation		7,034.			
11a Depletable assets					
b Less accumulated depletion					
12 Land (net of any amortization)					
13a Intangible assets (amortizable only)					
b Less accumulated amortization					
14 Other assets			28,366.		19,131.
15 Total assets					51,957.
<b>Liabilities and Shareholders' Equity</b>					
16 Accounts payable					
17 Mortgages, notes, bonds payable in less than 1 year			583.		2,531.
18 Other current liabilities STMT 5			94,083.		45,825.
19 Loans from shareholders					
20 Mortgages, notes, bonds payable in 1 year or more			10,000.		99,718.
21 Other liabilities STMT 6					
22 Capital stock: a Preferred stock					
b Common stock					
23 Additional paid-in capital					
24 Retained earnings - Appropriated (attach schedule)			<76,300.>		<180,920.>
25 Retained earnings - Unappropriated					
26 Adjustments to shareholders' equity					
27 Less cost of treasury stock			28,366.		19,131.
28 Total liabilities and shareholders' equity					

Note: The corporation is not required to complete Schedules M-1 and M-2 if the total assets on line 15, column (d) of Schedule L are less than \$25,000.

## Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return

1 Net income (loss) per books	<104,620.>	Income recorded on books this year not included on this return (itemize):	
2 Federal income tax		Tax-exempt interest \$	
3 Excess of capital losses over capital gains			
4 Income subject to tax not recorded on books this year (itemize):			
5 Expenses recorded on books this year not deducted on this return (itemize):		8 Deductions on this return not charged against book income this year (itemize):	
a Depreciation \$		a Depreciation \$	
b Contributions carryover \$		b Contributions carryover \$	
c Travel and entertainment \$			
STMT 7 54,544.	54,544.	9 Add lines 7 and 8	
6 Add lines 1 through 5	<50,076.>	10 Income (line 28, page 1) - line 6 less line 9	<50,076.>

## Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1 Balance at beginning of year	<76,300.>	5 Distributions: a Cash	
2 Net income (loss) per books	<104,620.>	b Stock	
3 Other increases (itemize):		c Property	
		6 Other decreases (itemize):	
		7 Add lines 5 and 6	
4 Add lines 1, 2, and 3	<180,920.>	8 Balance at end of year (line 4 less line 7)	<180,920.>

***DESERT 31 TELEVISION, INC.***  
***Supplement to Request to Waive***  
***FCC Regulatory Fee***

**Exhibit 2**



**2000 FEDERAL TAX RETURN**

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Form <b>1120</b>		U.S. Corporation Income Tax Return		OMB No 1545-0123	
Department of the Treasury Internal Revenue Service		For calendar year 2000 or tax year		<b>2000</b>	
<b>A Check if a:</b> <input type="checkbox"/> 1 Consolidated return (attach Form 951) <input type="checkbox"/> 2 Person holding co (attach Form 951) <input type="checkbox"/> 3 Person service corp (see instructions on page 6 of instructions)		<b>Use IRS label:</b> <b>Name</b> DESERT 31 TELEVISION, INC. <b>Number, street, and room or suite no. (if a P.O. box, see page 7 of instructions.)</b> 22721 SE 410TH <b>City or town, state, and ZIP code</b> ENUMCLAW, WA 98022		<b>B Employer identification number</b> 31-1515711 <b>C Date incorporated</b> 05/04/1988 <b>D Total assets (see page 6 of instructions)</b>	
<b>E Check applicable boxes:</b> (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input type="checkbox"/> Change of address				<b>\$ 16,919.</b>	
Income	1 Gross receipts or sales			1c	
	2 Cost of goods sold (Schedule A, line 8)			2	
	3 Gross profit. Subtract line 2 from line 1c			3	
	4 Dividends (Schedule C, line 18)			4	
	5 Interest			5	
	6 Gross rents			6	
	7 Gross royalties			7	
	8 Capital gain net income (attach Schedule D (Form 1120))			8	
	9 Net gain or (loss) from Form 4797, Part II, line 18 (attach Form 4797)			9	
	10 Other income (attach schedule)			10	
	11 Total income. Add lines 3 through 10			11	
Deductions	12 Compensation of officers (Schedule E, line 4)			12	
	13 Salaries and wages (less employment credits)			13	93,756.
	14 Repairs and maintenance			14	5,400.
	15 Bad debts			15	
	16 Rents			16	15,600.
	17 Taxes and licenses			17	1,599.
	18 Interest			18	73.
	19 Charitable contributions			19	
	20 Depreciation (attach Form 4562)	20	7,122.	20b	7,122.
	21 Less depreciation claimed on Schedule A and elsewhere on return	21a		21b	
	22 Depletion			22	
23 Advertising			23		
24 Pension, profit-sharing, etc. plans			24		
25 Employee benefit programs			25		
26 Other deductions (attach schedule)			26	22,569.	
27 Total deductions. Add lines 12 through 26			27	146,119.	
28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11			28	<146,119.>	
29a Net operating loss (NOL) deduction	STATEMENT 3		29a	0.	
29b Special deductions (Schedule C, line 20)			29b		
30 Taxable income. Subtract line 29c from line 28			30	<146,119.>	
31 Total tax (Schedule J, line 11)			31	0.	
32a Payments: a 2000 overpayment credited to 2000	32a		32a		
b 2000 estimated tax payments	32b		32b		
c Less 2000 refund applied for on Form 4466	32c		32c		
d Tax deposited with Form 7004	32d		32d		
e Credit for tax paid on undistributed capital gains (attach Form 2439)	32e		32e		
f Credit for Federal tax on fuels (attach Form 4136)	32f		32f		
33 Estimated tax penalty. Check if Form 2220 is attached			33		
34 Tax due. If line 32h is smaller than the total of lines 31 and 33, enter amount owed			34	0.	
35 Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid			35		
36 Enter amount of line 35 you want: Credited to 2001 estimated tax			36		

**Sign Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer \_\_\_\_\_ Date \_\_\_\_\_ Title \_\_\_\_\_

Preparer's signature \_\_\_\_\_ Date \_\_\_\_\_ (Check if self-employed) ☐ Preparer's EIN or PTIN \_\_\_\_\_

Paid Preparer's Use Only: Firm's name for you if self-employed, address, and ZIP code: **PATRICK RHODES & ASSOCIATES, P.L.L.C.**  
**31620 23RD AVE. S. #218**  
**FEDERAL WAY, WA 98003**

EIN \_\_\_\_\_ Phone no. **(253) 528-0808**

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Schedule A	Cost of Goods Sold (See page 14 of instructions.)
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1	Inventory at beginning of year	1
2	Purchases	2
3	Cost of labor	3
4	Additional section 263A costs (attach schedule)	4
5	Other costs (attach schedule)	5
6	Total, Add lines 1 through 5	6
7	Inventory at end of year	7
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on line 2, page 1	8
9a Check all methods used for valuing closing inventory:		
(i)	<input type="checkbox"/> Cost as described in Regulations section 1.471-3	
(ii)	<input type="checkbox"/> Lower of cost or market as described in Regulations section 1.471-4	
(iii)	<input type="checkbox"/> Other (Specify method used and attach explanation.)	
b	Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c)	<input type="checkbox"/>
c	Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)	<input type="checkbox"/>
d	If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO	<input type="text" value="Pd"/>
e	If property is produced or acquired for resale, do the rules of section 263A apply to the corporation?	<input type="checkbox"/> Yes <input type="checkbox"/> No
f	Was there any change in determining quantities, cost, or valuations between opening and closing inventory?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If "Yes," attach explanation		

**Schedule C Dividends and Special Deductions**

Schedule C Dividends and Special Deductions		(a) Dividends received	(b) %	(c) Special deductions (a) x (b)
1	Dividends from less-than-20%-owned domestic corporations that are subject to the 70% deduction (other than debt-financed stock)		70	
2	Dividends from 20%-or-more-owned domestic corporations that are subject to the 80% deduction (other than debt-financed stock)		80	
3	Dividends on debt-financed stock of domestic and foreign corporations (section 245A)		100 See instructions	
4	Dividends on certain preferred stock of less-than-20%-owned public utilities		42	
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities		48	
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs that are subject to the 70% deduction		70	
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs that are subject to the 80% deduction		80	
8	Dividends from wholly owned foreign subsidiaries subject to the 100% deduction (section 245(b))		100	
9	Total. Add lines 1 through 8			
10	Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958		100	
11	Dividends from certain FSCs (not are subject to the 100% deduction (section 245(c)(7))		100	
12	Dividends from affiliated group members subject to the 100% deduction (sec. 243(a)(3))		100	
13	Other dividends from foreign corporations not included on lines 2, 6, 7, 8, or 11			
14	Income from controlled foreign corporations under subpart F (attach Form(s) 9471)			
15	Foreign dividend gross-up (section 78)			
16	CD-DISC and former DISC dividends not included on lines 1, 2, or 3 (section 245(d))			
17	Other dividends			
18	Deduction for dividends paid on certain preferred stock of public utilities			
19	Total dividends. Add lines 1 through 17. Enter here and on line 4, page 1			
20	Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on line 29b, page 1			

<b>Schedule E</b>	<b>Compensation of Officers</b>
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Note: Capitalize Schedule E only. Total receipts (line 1e plus lines 4 through 10 on page 7, Form 1120) are \$50,000 or more.

Schedule F Compensation of Officers					
Note: Complete schedule F only if your corporation has more than one officer.					
(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned		(f) Amount of compensation
			(d) Common	(e) Preferred	
1					
2 Total compensation of officers					
3 Compensation of officers claimed on Schedule A and elsewhere on return					
4 Subtract line 3 from line 2. Enter the result here and on line 12, page 1					

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**Schedule J Tax Computation** (See page 17 of instructions.)

1 Check if the corporation is a member of a controlled group (see sections 1561 and 1563) ☐ **Important: Members of a controlled group, see instructions on page 17**

2a If the box on line 1 is checked, enter the corporation's share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order):

(1) \$ (2) \$ (3) \$

b Enter the corporation's share of:

(1) Additional 5% tax (not more than \$11,750) \$

(2) Additional 3% tax (not more than \$100,000) \$

3 Income tax. Check if a qualified personal service corporation under section 448(d)(2) ☐ (see page 17)

4 Alternative minimum tax (attach Form 4626)

5 Add lines 3 and 4

6a Foreign tax credit (attach Form 1118)

6b Possessions tax credit (attach Form 5785)

6c Check ☐ Nonconventional source fuel credit ☐ QEV credit (attach Form 8834)

6d General business credit. Enter here and check which forms are attached:

☐ 3486 ☐ 5684 ☐ 5478 ☐ 5765 ☐ 5686 ☐ 5830 ☐ 5825

☐ 5826 ☐ 5844 ☐ 5840 ☐ 5845 ☐ 5820 ☐ 5847 ☐ 5801

6e Credit for prior year minimum tax (attach Form 8827)

6f Qualified zone academy bond credit (attach Form 8850)

7 Total credits. Add lines 6a through 6f

8 Subtract line 7 from line 5

9 Personal holding company tax (attach Schedule PH (Form 1120))

10 Recapture taxes. Check if from: ☐ Form 4255 ☐ Form 8611

11 Total tax. Add lines 8 through 10. Enter here and on line 31, page 1

**Schedule K Other Information** (See page 19 of instructions.)

1 Check method of accounting: a ☐ Cash b ☒ Accrual

c ☐ Other (specify):

2 See page 21 of the instructions and enter the:

a Business activity code no. **513100**

b Business activity **RADIO STATION**

c Product or service **BROADCASTING**

3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).)

If "Yes," attach a schedule showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.

4 Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?

If "Yes," enter name and EIN of the parent corporation

5 At the end of the tax year, did any individual, partnership, corporation, estate, or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).) **STATEMENT 4**

If "Yes," attach a schedule showing name and identifying number (Do not include any information already entered in 4 above.) Enter percentage owned **100.00**

6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.)

7 If "Yes," file Form 5452, Corporate Report of Nondividend Distributions. If this is a consolidated return, answer here for the parent corporation and on Form 851, Affiliations Schedule, for each subsidiary.

7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of stock of the corporation entitled to vote or (b) the total value of all classes of stock of the corporation?

If "Yes,"

a Enter percentage owned

b Enter owner's country

c The corporation may have to file Form 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter number of Forms 5472 attached

8 Check this box if the corporation issued publicly offered debt instruments with original issue discount ☐ If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments

9 Enter the amount of tax-exempt interest received or accrued during the tax year \$

10 Enter the number of shareholders at the end of the tax year (If 75 or fewer) **1**

11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here ☐

12 Enter the available NOL carryover from prior tax years (Do not reduce R by any deduction on line 29a.) \$ **180,884.**

Note: If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach Schedule N (Form 1120), Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

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Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
<b>Assets</b>					
1 Cash			1,326.		2,236.
2a Trade notes and accounts receivable					
b Less allowance for bad debts					
3 Inventories					
4 U.S. government obligations					
5 Tax-exempt securities					4,000.
6 Other current assets	STMT 5				
7 Loans to shareholders					
8 Mortgage and real estate loans					
9 Other investments					
10a Buildings and other depreciable assets		36,325.		36,325.	
b Less accumulated depreciation		18,520.	17,805.	25,642.	10,683.
11a Depletable assets					
b Less accumulated depletion					
12 Land (net of any amortization)					
13a Intangible assets (amortizable only)					
b Less accumulated amortization					
14 Other assets			19,131.		16,919.
15 <b>Total assets</b>					
<b>Liabilities and Shareholders' Equity</b>					
16 Accounts payable			51,957.		62,460.
17 Mortgages, notes, bonds payable in less than 1 year			2,551.		38,019.
18 Other current liabilities	STMT 6		45,825.		194,666.
19 Loans from shareholders					
20 Mortgages, notes, bonds payable in 1 year or more			99,718.		95,259.
21 Other liabilities	STMT 7				
22 Capital stock: a Preferred stock					
b Common stock					
23 Additional paid-in capital					
24 Retained earnings - Appropriated (attach schedule)			<180,920.>		<373,485.>
25 Retained earnings - Unappropriated					
26 Adjustments to shareholders' equity					
27 Less cost of treasury stock			19,131.		16,919.
28 <b>Total liabilities and shareholders' equity</b>					

Note: The corporation is not required to complete Schedules M-1 and M-2 if the total assets on line 15, column (d) of Schedule L are less than \$25,000.

**Schedule M-1: Reconciliation of Income (Loss) per Books With Income per Return**

1 Net income (loss) per books	<192,565.>	7 Income recorded on books this year not included on this return (itemize):	
2 Federal income tax		Tax-exempt interest	\$
3 Excess of capital losses over capital gains			
4 Income subject to tax not recorded on books this year (itemize):			
5 Expenses recorded on books this year not deducted on this return (itemize):		8 Deductions on this return not charged against book income this year (itemize):	
a Depreciation	\$	a Depreciation	\$
b Contributions	\$	b Contributions	\$
c Carryover	\$	c Carryover	\$
d Travel and entertainment	\$	STMT 9	54,508.
STMT 8	100,954.		
6 Add lines 1 through 5	<91,611.>	9 Add lines 7 and 8	54,508.
		10 Income (line 28, page 1) - line 6 less line 9	<146,119.>
<b>Schedule M-2: Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)</b>			
1 Balance at beginning of year	<180,920.>	5 Distributions: a Cash	
2 Net income (loss) per books	<192,565.>	b Stock	
3 Other increases (itemize):		c Property	
		6 Other decreases (itemize):	
4 Add lines 1, 2, and 3	<373,485.>	7 Add lines 5 and 6	
		8 Balance at end of year (line 4 less line 7)	<373,485.>

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